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## Russian Federation

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## Russian President Dmitriy Medvedev on Agriculture

### Report Categories:

Agricultural Situation

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### Report Highlights:

The Russian President, Dmitriy Medvedev, stated that the development of agriculture is one of the major national priorities, which provides for national security and economic stability. Moreover, Medvedev outlined some of the main concerns, problems and future developments in Russian agriculture in an interview on June 18, 2009.

### General Information:

#### Agriculture and Economic Crisis

The situation with Russian agriculture and agro-industrial complex remains one of the priorities of the Russian Government. On June 19, in a special interview on Russian T, Russian President Dmitriy Medvedev pointed out his vision of the current problems and the future development of agriculture and the agro-industrial complex.

According to President Medvedev, in 2009, agricultural production has been increasing while

industrial production has been decreasing. Agriculture is better prepared for the economic crisis than industry, due to the national priority project, agricultural related interest rate subsidies, and grain procurement interventions. In spite of crisis the budget funding for agriculture will not decrease, and will reach 183 billion rubles (approximately \$5.9 billion) <sup>[i]</sup>.

### National Food Security

President Medvedev noted that, “food security is the means by which the state authorities ensure the conditions for guaranteeing that all people in our country will be provided with food at reasonable and affordable prices”. However, Russia’s food security concept depends on the times and approaches: “There are different components involved in food security and different means of ensuring it. If you think back to the 1990’s you will remember the large amount of imported, usually cheap, meat that filled our shops”. Medvedev mentioned that the dangers involved with the dependence on meat imports are exchange rate fluctuations and epidemic, pandemic and epizootic outbreaks. “When these kinds of situations arise imports come to a halt, and that puts the country in a potentially difficult state of affairs”. Medvedev underlined that the situation in Russia has improved in terms of food security, and that domestic production of major agricultural goods is self-sufficient in a number of basic products. Medvedev noted that imported meat in 2009 is expected to decrease to a quarter of consumption from one-third in 2008 while consumption will remain constant.

### Dairy Conflict with Belarus and Joining WTO as Customs Union

Medvedev mentioned that the Russian dairy market is vast, but it is not unlimited, and “no matter what the warm and fraternal feelings we have for our Belarusian partners and Belarus’s farmers, our own farmers are still closer to our hearts”. The solution on imports of Belarusian dairy products has been found by June 19, 2009 <sup>[iii]</sup>. Medvedev stressed that the “situation will not hinder the development of normal cooperation in the agricultural sector and also our coordinated actions on accession to the WTO.”

### Food Quality

In response to a question on domestic vs imported food quality, President Medvedev said that the Russian standards for agricultural products are very high, but as for tastes and preferences “it is all a difficult thing to say which products are better and which are worse. What our producers definitely need to think about is how to reduce costs, how to modernize dairy and meat production, crop growing, and how to carry out good processing.”

### Agriculture and Development of Rural Areas

Medvedev underlined that the national project in agriculture “not only sets out to develop agricultural production but is also a means of improving the lives of a large number of our people, a third of our population, the tens of millions of people who live and work in the countryside... This is the way the Russian economy is structured and it will remain this way for a long time yet to come, even though in other countries the picture is somewhat different.”

### Dependency of Russian Agriculture on Gas and Oil

President Medvedev mentioned that although the Russian economy in general benefits from rising oil prices, the government will take care of the fuel supply for its farmers: “The Government has decided to freeze prices this year for fuel and lubricants... . We made this decision and the sowing campaign took place with these fixed prices in effect. ... Now we have the same task concerning the harvest. The price will be frozen again.”

### Retail Trade in Farm Products

Medvedev supported farmers’ cooperatives as one of the tools to facilitate trade in farm products and improve the access of farmers to consumers markets.

The text of the interview in English is on the Kremlin’s official web-site:

[http://www.kremlin.ru/eng/text/speeches/2009/06/18/1241\\_type82916\\_218210.shtml](http://www.kremlin.ru/eng/text/speeches/2009/06/18/1241_type82916_218210.shtml)

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<sup>[i]</sup> In the interview the budget funding is not specified by sources.

<sup>[ii]</sup> Agricultural Minister Yelena Skrynnik reported on June 18 that Belarusians agreed to stop imports of dry milk to Russia in the second and the third quarters of 2009 and agreed to certify other dairy products they ship to Russia in accordance with the new Russian requirements.